

COUNTY OF SAN DIEGO, CALIFORNIA
BOARD OF SUPERVISORS POLICY

Subject

Economic Incentives

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Purpose

It is the purpose of this policy to establish criteria and procedures to be used by the County to pro-actively encourage business to locate, expand or remain in the region.

Background

The Board of Supervisors is guided by Board Policy A-71, San Diego County Economic Development Policy. Board Policy A-71 defines the County's role in facilitating and maintaining activities and programs that are directed toward improvement of the economic health of the region and the quality of life of its residents.

A sound incentive program tailors a plan to meet the specific needs of a business, while at the same time ensuring a positive benefit to the overall economic health of the community.

This Business Incentive Policy, which is in support of the County's overall Economic Development Policy, provides guidance that will ensure that the intended economic results are achieved: jobs for the region's workforce and expansion of the County's tax base.

Policy

It is the policy of the Board of Supervisors that an incentive program will be administered by the Chief Administrative Officer's Office of Trade and Business Development (OTBD). The purpose of the program is to pro-actively attract and retain job-producing, revenue-generating businesses, and to assist with the expansion and retention of existing businesses. Since each business is unique and offers different benefits to the community, each request will be evaluated individually, and incentives may or may not be offered based on criteria established in this policy.

I. Criteria for County Business Incentives

Criteria, based upon both economic factors and location, will be used to determine whether incentives will be offered and if so, the type of incentive that is appropriate to encourage a business to locate or expand in this region.

A. Economic Factors

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1. The business will create or retain jobs in the region.
2. The incentive(s) is determined to be cost effective (i.e., it will generate more fiscal benefit to the County over time than it will cost).
3. Incentives will be proportionate to the wage and skill levels of jobs created.
4. The business will introduce new technology to the region.

B. Location

For projects within an incorporated city, there must be approval and support from the City Council and the City will contribute incentives greater or equal in value to the County's.

Special consideration will be given to projects located within a redevelopment area or a Neighborhood Revitalization Area.

II. Types of Incentives

Incentives offered by the County will be either financial or non-financial. Prior to offering financial incentives, every effort will be made to use non-financial incentives.

A. Non-Financial Incentives

The following are examples of non-financial incentives the County will consider:

Expedited Permit Processing (Fast Tracking);

Letters of support for grant applications, as appropriate;

Legislative support;

Provide customized training programs through non-profit organization and state agencies.

B. Financial Incentives

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The following are examples of financial incentives the Board of Supervisors will consider:

Personal property tax exemptions, reductions and moratoria (as authorized by California's Revenue and Taxation Code);

County-owned land leased at below market prices as permitted by State law;

Industrial Development Bonds;

Act as a liaison to assist company in securing financial backing.

All financial incentives must be in accordance with State, Federal and local laws.

III. Procedures

Non-Financial and Financial Incentives

The Chief Administrative Officer's Office of Trade and Business Development (OTBD) will provide forms for candidates to provide the following information:

Number of new jobs to be created/retained;

Skill, technology and wage levels of jobs to be created;

Level of capital investment;

Location of proposed project;

Requested assistance.

Financial Incentives

The Board of Supervisors will grant financial incentives only in cases where a cost/benefit analysis demonstrates a net positive return to the County by the third year.

When the Board approves the granting of financial incentives, the OTBD, with assistance from County Counsel, will draft a contractual agreement between the business/agency and the County. The contract will specify:

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Description of incentives granted;

Performance goals (i.e., number of employees hired);

Reciprocal obligations, including payback to the County if performance goals are not met;

Timelines and OTBD monitoring mechanisms.

The contract will be monitored by the OTBD to ensure the terms are being met. Announced on-site inspections, as well as an audit, may be required. Business records will be reviewed. Examples of such records include, but are not limited to:

financial statements;

tax returns;

copies of employee W-2 forms.

In those cases where a business is out of compliance, the County will pursue revocation of the contract.

Sunset Review

This policy will be reviewed by 12-31-04.

Board Action

11-14-95(2)

11-01-00(7)

CAO Reference

1. Chief Administrative Office - Office of Trade and Business Development